

THE LEONARD LETTER

August 1, 2005

QUOTE OF THE WEEK

"We judge ourselves by what we feel capable of doing, while others judge us by what we have already done." --- Henry Wadsworth Longfellow

AROUND THE STATE

*****Ebonics Update*****

After my piece last week noting that my former school district was contemplating adding Ebonics language instruction in an effort to improve the performance of African American students, I heard from the San Bernardino City Unified School District. The district spokesperson was eager to point out that the newspaper article I had was inaccurate. A professor at the local Cal State University was encouraging the school district to launch an Ebonics program, but no one at the school district is even considering the idea. Just goes to show that you can not believe everything you read in the press. However, my point that classifying more students as English language learners—even if their native language is the inner-city version of English—will qualify school districts for more federal funds, stands. And why is it that every time a Cal State University professor speaks out, it is from the far left?

UNDER THE DOME

*****An Unhappy Anniversary*****

Wednesday of this week will be the anniversary of the release of California Performance Review, the Governor's landmark effort to "blow up boxes" in state government. I was enthusiastic about the CPR process, very pleased with the final report and eager to see the changes implemented. I believe that our state would be more efficient, less mired in red tape, less subject to budget crises, and more responsive to the people if CPR were implemented fully. Yet, here we sit a year later, with nothing more than a big book on a shelf somewhere gathering dust. I am disappointed and I am becoming more pessimistic that these much-needed changes can be accomplished. We need to see these changes.

*****Hot Enough For You?*****

I know, it is hot. I do not know that it is any hotter than it has been in previous summers and that has made me wonder about our electric capacity. For example, I recently saw a news article asking Californians to conserve energy because the heat wave was peaking

our electricity demand. I thought back to when the legislature was beginning to talk about restructuring electricity ten years ago. In 1994, the state had 56,665 MW, including power from out-of-state utility-owned power plants. We have added several new plants since 2001, adding 10,396 MW.

The state has also added about 600,000 new residents per year. So we have more residents, and theoretically more power capacity. Yet, this article said we only have 55,000 MW capacity now. So it seems our new plants have merely replaced capacity we lost from out-of-state facilities, rather than bringing any new capacity on-line, and it also seems we are not using as much energy as we did back then. Why? How is that with less capacity and more residents we are using less power? Are people truly conserving that much? I doubt it. I believe this anomaly can be explained by looking at the state's lagging economy and particularly those manufacturing and high-energy using customers who simply left California in the last decade because it cost too much to have their jobs located here.

*****MICkey Mouse*****

Here is a prime example of the state's left hand foiling the work of the right hand at the expense of taxpayers. More than three years ago, the BoE made a precedential decision about applying the Manufacturers Investment Credit to grocery stores. The case had been on appeal from the Franchise Tax Board (FTB), and the BoE decided FTB's regulation exceeded the law and was invalid. In short, the BoE said the FTB was wrong and the grocery stores were entitled to the tax credit. Yet, instead of then simply granting the MIC to other grocery chains, the FTB has denied the tax return of every other grocer claiming the same credit. This costs both the taxpayers and the state time and money—even though the grocer will ultimately prevail. We could prevent ridiculous situations like this if we created a state Tax Commission that would hear all tax cases, provide consistent oversight and give all taxpayers a voice before their elected officials with the hassle these grocers have experienced.

ISSUE FOCUS

*****A Tax I Might Like*****

I read last week that Tennessee has recently enacted a tax on unauthorized substances, following the lead of North Carolina. I tried to get a similar tax going in California by suggesting tax stamps for marijuana, but my measure failed. So far Tennessee has taken in more than \$600,000 in collections and \$15 million in assessments. The law requires that anyone possessing illegal drugs must purchase numbered stamps to affix to the packages containing the drugs. If illegal drugs without the stamps are found, the possessor is given a tax bill and if he does not pay it, then tax agents may seize and auction off anything of value the person owns. The author of law says he was trying to get criminals to pay for the cost of law enforcement and jail time instead of the law-abiding citizens. Information used when someone buys the stamps cannot be used in

criminal drug prosecutions, but buying the stamps does not provide any immunity either. In Tennessee, 75% of the tax goes to the law enforcement agency involved and the balance to the state's general fund. Given the revenue Tennessee is realizing, perhaps California legislators, who seem prone to tax lots of good things, should reconsider taxing bad things and raising money for, say, the emergency rooms that end up treating those who ruin their health or the lives of others through illicit drug use.

*****Lackluster Blockbusters*****

Have you seen an article or listened to a television report that movie box office numbers are down? A few weeks ago, before the summer movie season began, Hollywood executives were hand-wringing because people did not seem to be going to theaters as much anymore. They suggested the reason was that people are enjoying the comfort of their home theaters and perhaps not willing to pay the high price of movie tickets these days. Both of those things may be true, but I suggest the movie execs also consider a study from earlier this year that was sponsored by the Christian Film and Television Commission (<http://www.gopwing.com/print.php?sid=691>). It concluded that movies that contained very strong moral content earned six times more than movies with strong immoral, negative content or very strong pagan, humanist, socialist, homosexual, occult, or anti-religious content. The movies based in strong morals also performed substantially better at the box office than movies with graphic violence, foul language (more than 25 profanities), sexual immorality, nudity or criminal acts like stealing, kidnapping, etc. If Hollywood wants to boost its box office, it not only needs to re-examine its pricing policy, it also needs to get back to telling good stories with good, uplifting values. If they film it, we will come.

MISCELLANY

*****A Good Read*****

The recent landslides in Laguna Beach and the resulting debate about whether homes should be rebuilt on the unstable earth have made me think about a good read: "The Control of Nature" by John McPhee. McPhee talks about the challenges of attempting to stem lava flows, channel the Mississippi River, manage California mud flows, among other physical obstacles. In addition to making the science of such situations completely accessible to non-scientific minds, McPhee also vividly paints the characters of the people who seek creative solutions to what Mother Nature puts in our path. Not only does he give us a sense of what human ingenuity can accomplish, but he also helps us establish a perspective about the limits against nature.

BOE AND LEGISLATIVE DATES

August 15, 2005 --- Legislature reconvenes from summer recess.

August 31-September 1, 2005 --- BoE meets in Sacramento.

September 5, 2005 --- Labor Day.

September 9, 2005 --- Last day for any bill to pass the legislature; interim recess begins upon adjournment.

September 20-21, 2005 --- BoE meets in Culver City.

September 21, 2005 --- Taxpayers' Bill of Rights Hearing in Culver City.

October 25, 2005 --- Taxpayers' Bill of Rights Hearing in Sacramento.

NOTABLE DATES/ HISTORY

August 1, 1794 --- The Whiskey Rebellion, the first test of the new U.S. government, began. One of the causes was protest over the high excise tax on whiskey.

August 1, 1881 --- A U.S. Quarantine Station was authorized for Angel Island, San Francisco Bay.

August 2, 1776 --- The Declaration of Independence was signed formally.

August 2, 1873 --- Andrew Hallidie tested the first cable car system near the top of Nob Hill at Clay and Jones Streets in San Francisco.

August 2, 1877 --- The San Francisco Public Library opened with 5,000 volumes.

August 3, 1492 --- Christopher Columbus left Spain on a voyage that would lead him to the Americas.

August 3, 2000 --- At the Republican National Convention in Philadelphia, George W. Bush accepted his party's nomination for president.

August 4, 1968 --- 100,000 people attend Newport Pop Festival in Costa Mesa, CA.

August 5, 1775 --- The first Spanish ship, San Carlos, entered San Francisco Bay.

August 6, 1787 --- The Constitutional Convention in Philadelphia began debate.

August 6, 1945 --- The atom bomb was dropped on Hiroshima by the "Enola Gay."

August 7, 1782 --- George Washington created the Order of the Purple Heart.

August 7, 1964 --- Congress approved the Gulf of Tonkin resolution.

August 7, 1976 --- Scientists in Pasadena, CA, announced that Viking I found the strongest indications to date of possible life on Mars.

GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115
TDD service for the hearing impaired
TDD phones: 800-735-2929
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

HOW TO CONTACT ME

Bill Leonard, Member
State Board of Equalization, Second District
Email: bill.leonard@boe.ca.gov

Northern California Office:

400 Capitol Mall, Suite 2340
Sacramento, CA 95814
Telephone: (916) 445-2181
Fax: (916) 327-4003

Southern California Office:
4295 E. Jurupa Ave., Ste. 204
Ontario, CA 91761-1428
Telephone: (909) 937-6106
Fax: (909) 937-7044